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ABSTRACT

This publication is intended to provide policy-makers, educators, and concerned citizens with a practical introduction to pupil weighting systems--what they can accomplish, what factors must be taken into account as they are developed, and what problems can hamper their implementation. Pupil weighting systems are alternative approaches to funding the special needs of students. They establish formulas based on the relative costs of serving different types of students. Research presented in this report is based on interviews with over 200 policy-makers and educators in Florida, New Mexico, and Utah and on examination of five years of data from each of these states. The major divisions of the guidebook discuss what policy-makers expect from weighting, provide answers to the most common questions about weighting, and review problems of implementation. An overview of the larger, technical report that serves as the basis for this guide is presented at the end. (Author/LD)

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# A POLICY GUIDE TO WEIGHTED PUPIL EDUCATION FINANCE SYSTEMS:

## SOME EMERGING PRACTICAL ADVICE

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September 1979

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## FOREWORD

One of the central objectives of the Education Finance Program at the National Institute of Education is the conduct of policy studies and technical assistance projects to assist the states as they consider changes in their school finance systems.

As the debate on the financing of elementary and secondary education has evolved, increasing attention has been focused on the financing and governance of programs for children with special educational needs. A number of policy makers and concerned citizens have expressed interest in one particular approach--the weighted pupil finance system. This guide explores the range of issues that are associated with this approach.

This guide is based on the experience of three states: Florida, New Mexico, and Utah. These states were chosen for study because they are considered to be leaders in the development and implementation of pupil weighting systems.

Each state in assessing its present structure of state aid and potential alternatives must consider its own needs and traditions. Nonetheless, we believe that the states are anxious and able to learn from the experiences of their neighbors. It is also our view that targeted policy research of this kind will lead to a more informed and productive debate on the subject of equity in school finance.

We at NIE hope that this publication will serve the needs of legislators, governors, state and local education officials and interested citizens and thereby assist in the development and implementation of more equitable and effective systems of school finance.

David R. Mandel
Acting Assistant Director,
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## PREFACE

This policymaker's guide to weighted pupil education finance systems is drawn from an extensive study of the distributional practices operating in Florida, New Mexico and Utah. These three states were chosen for study because they pioneered in developing comprehensive weighted pupil systems. In this guide we have attempted to present information which would be of most interest to policymakers, educators and concerned citizens as they consider amendments to their existing systems for distributing funds to school districts.

Our work is based on interviews with more than 200 policymakers and educators in these three states, and examination of 5 years of data from each of these states. They study is somewhat unique because it is based on both scholarly research and first-hand experience. One of the authors, Leppert, confronted the issues directly when he was serving as staff director of Florida's Senate Education Committee during that State's school finance reform in 1973.

Several individuals played critical roles as the study progressed. Our in-state consultants, Heber Fuller in Utah, and Harry Wugalter and Al Clemmons in New Mexico, assisted in acquiring much of the data and were invaluable in facilitating our interviews and reviewing the accuracy of the report in relationship to their states. The comments of Bill Wilken and the efforts of his staff at the National Conference of State Legislatures were of considerable aid in further improving and preparing this guide for publication.

This guide is drawn from a technical report which provides more detail about the study we conducted. Copies of the technical report may be requested from the Educational Finance Program, National Institute of Education, Washington, D.C. 20208. Request: Jack Leppert and Dorothy Routh, "Pupil Weighting Educational Finance Systems in Three States: Florida, Utah, and New Mexico". The report will be available in Fall 1979.

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## INTRODUCTION

Increasingly, state governments are responding to needs for special education services through such programs as early childhood, vocational, bilingual, compensatory, and exceptional child education. Most states view these services as categorical or supplemental programs and fund them through separate annual appropriations based on (1) flat grants, (2) excess cost reimbursement, or (3) classroom or teacher support units.

A number of states have recently attempted an alternative approach to funding the special needs of students by establishing formulas based on the relative costs of serving different types of students. This distribution model has been designated the weighted pupil approach or a pupil weighting system. Currently, 21 states fund students according to at least one explicit relative need differential. Maine, New Hampshire, Oklahoma, Oregon and Pennsylvania use a weighted system to fund elementary and secondary students differentially. Iowa has established weights for funding three categories of exceptional education programs. Sixteen states -- Florida, Idaho, Illinois, Indiana, Minnesota, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Dakota, South Carolina, Tennessee, Utah, and Washington -- each weight students by two or more factors that adjust for cost differences caused by density, sparsity, grade level, and vocational or exceptional education needs. South Dakota has enacted a pupil weighting system for future implementation. No two pupil weighting systems are alike; each state has used the approach to meet its own unique purposes and needs.

In short, state governments face increasingly perplexing challenges as they attempt to finance equal education opportunities for all children. This guide is offered as an aid to policymakers as they face these challenges. The guide draws on the experiences of three states -- Florida, New Mexico and Utah -- chosen because they pioneered in developing comprehensive weighted pupil funding systems.

This publication is intended to provide policymakers, educators, and concerned citizens with a practical introduction to pupil weighting systems -- what they can accomplish, what factors must be taken into account as they are developed, and what problems can hamper their implementation. Readers desiring further information are invited to read the technical report which served as the basis for this guide (see Preface). An overview of that report is presented at the end of this publication.

## WHAT POLICYMAKERS EXPECT FROM WEIGHTING

Pupil weighting systems can help resolve many of the purposes states have for changing their financial and management practices. While not all policymakers emphasize the same goals, six distinct themes emerged from our interviews in Florida, New Mexico, and Utah: (1) to neutralize district fiscal burdens, (2) to provide specific program incentives, (3) to make the finance systems more comprehensive, (4) to promote efficiency, (5) to focus funding on student needs, and (6) to decentralize decisionmaking.

*To neutralize the fiscal burdens of districts with varying incidences of high cost students.*

In each of the three states studied, districts faced differing fiscal burdens because they had different proportions of high cost students. In each of these states, the weighted pupil distribution approach was viewed as a legislative tool for the state to equalize these differing burdens. The highly equalized finance systems in these three states limited districts' capabilities to raise additional unequalized local revenues. As a result, it seemed unfair to require districts to bear the financial responsibility for high cost programs which are mandated or encouraged by state law.

A major impetus for the development of weighted pupil systems in the three states was a recognition that districts have different educational burdens depending upon their concentrations of children with special needs. For example, among the study's sample districts the percent of students receiving some exceptional education services varied:

In Florida from Charlotte (6.82%) to Alachua (17.9%), in
New Mexico from Hobbs (4.11%) to Albuquerque (6.95%), and
In Utah from Washington (10.00%) to Salt Lake City (20.50%).

Similar disparities in demand for vocational and bilingual services existed. In these three states it was deemed not only appropriate, but necessary for the state to aid the districts in serving these high cost students.

It should be recognized that a weighted pupil system, per se, does not assure district equity. If the pupil weighting system does not generate enough funds to cover the costs of a particular program (either because the weight is too low, or because the base against which the weight is applied is to low), then the district must turn to its own revenue sources to add funds. Pupil weighting systems, therefore, can not guarantee equity, but in the three states studied, policymakers viewed pupil weighting as the most appropriate distribution model for facilitating equity.

*To provide incentives for districts to offer appropriate programs in such areas as exceptional and vocational education.*

By establishing predictable funding rates designed to cover the costs of many different types of children's needs, the legislatures encouraged school districts to offer appropriate programs. At the core of the weighted pupil system is the concept of entitlement. One principal in a Florida district succinctly communicated a fundamental change in perspective at his school:

> Principals now see management dependent on the number and types of kids. Before you had to go in on your knees for another teacher unit. However, now you look at a child with special needs coming in with resources to back him up, not as a liability.

Consequently, in these states where pupil weights made adequate funding more predictable, special needs program generally expanded. Vocational education, as a percent of total revenues, doubled in Florida and Utah. This expansion was a conscious policy in Utah, where there is an oversupply of college graduates, and in Florida, where investment in vocational education is expected to pay high returns as the state expands its industry and commerce potential. Florida's vocational education program has grown to over 15 percent of total formula funds.

Florida and New Mexico showed considerable increases in participation in exceptional education programs. As a percent of total formula funds, Florida moved from 6.2 percent prior to the reform to over 9 percent in 1976-77. New Mexico more than doubled its served population of exceptional students (3.0 to 6.5 percent), and is still showing growth, which is expected to level off in 1978-79. Utah applied the weighted pupil system to maintain an already high level of exceptional education service.

*To make the system of finance rational, comprehensive and generally more understandable.*

One legislator explained, "You can't expect the public to have faith in a system they don't understand. We had an abiding distrust of the old formula. Under this system, allocation of units is aboveboard; dollars follow the students based on their needs". Several legislators commented that a weighted pupil system for allocating the state's educational dollar makes it possible to see the total educational finance picture on one sheet of paper.

There was general concurrence among those interviewed that more people can now understand the logic, if not the details, of the weighted pupil finance system. This influenced the legislative process in several ways. Lobbying in relation to the finance formula was no longer limited to a few school finance experts. Parents and citizen group members were able to offer significant suggestions to legislative committees. Appropriations committees also took a greater interest in the details of financing schools--once the domain of a few members of the education committee. In Florida and New Mexico, where most categoricals were folded into the weighted pupil allocation system, legislators commented on their newly-found ability to understand the total educational finance picture and related program priorities, as opposed to the prior patchwork quilt approach. In sum, linking students with resources provided a logical framework that opened up participation in the policymaking process.

*To promote efficiency and consciousness of program costs.*

In Florida, where program cost accounting accompanied the weighted pupil approach, additional management improvements were intended. This reform made possible the direct connection of resources with programs (a common practice in most business, but a major breakthrough in K-12 educational finance). Prior to the reform, data on program costs had not been available and district administrators based their decisionmaking on line item budgets; they had little ability to monitor program costs. Now exceedingly expensive or inefficient programs are glaringly apparent and

demand evaluation. As one finance officer summed it up, "With this new system a district could operate like a private corporation; and with a program budget, dollars can be managed."

Further, by establishing weights, the legislature can prescribe either formally or informally (depending on whether or not it establishes program expenditure requirements) expenditure limits or ranges per student. Some critics of the weighted pupil approach argue, however, that equal programs do not necessarily follow from equal student funding. For example, if one district had only two severely handicapped children and another had ten, the latter district would generate more dollars and thus have a superior program. Therefore, critics would advocate that the treatment is, in fact, unequal. Pupil weighting advocates would retort that: (1) equal per pupil resources is a fair and reasonable state position, (2) districts should economize by working out cooperative arrangements for low-prevalence children, (3) sparsity adjustments can, at least in part, compensate for size factors, and (4) districts should be creative and cost-efficient with what resources they do get in providing services. The arguments on both sides of this issue relating to student equity seem reasonable; state preference may be determined by varied political considerations.

*To focus funding more directly on student needs.*

In Florida and Utah policymakers believed that considerable political mileage could be gained by changing the unit to be funded from a teacher or classroom unit to a student unit; both states had recently experienced forceful teacher strikes. But, more imporantly, they wished to relate educational finance discussions to the various needs of children and to appropriate educational services.

A number of respondents lamented that prior to the reform, discussions of educational financing had been too far removed from needs of children. In developing a weighted pupil system, policymakers were forced to assess the differing needs of children and to target resources in accordance with needs, regardless of the wealth of their districts, the grant-writing capabilities of their district's staff, or their superintendent's political connections.

*To decentralize decisionmaking.*

Decentralizing decisionmaking was identified as a legislative goal in New Mexico and Florida, but not in Utah. In New Mexico, the pupil weighting system was used to allocate dollars to districts in accordance with different student needs, since school districts had almost no leeway for raising local revenues. However, once those dollars reached the districts, the principal legislative leadership desired that the use of funds should be determined locally. There was no intent to influence the methods or practices of local decisionmaking. New Mexico is an excellent example of a state where state provision of dollars works in harmony with strong local control of decisionmaking.

In Florida, key legislators during the reform movement envisioned monumental management alterations, with the school principal ending up as the center of both decisionmaking and accountability. The weighted pupil system was viewed as a means of facilitating and complementing other reforms such as school-based management, parent advisory councils, annual reports of school progress, program cost accounting, and a state comprehensive management information system -- all designed to strengthen the purpose and quality of local decisionmaking. Decentralization to the school site, or school-based management, was facilitated by the weighted pupil system in some districts, though not in most.

One should recognize that not all impacts of a finance reform on management behaviors can be predicted prior to adoption, and that no two states will respond the same way. However, it should be understood that finance reforms do more than simply redistribute dollars; they can affect roles and responsibilities of state and district administrators in significant ways.

The six goals presented above received different emphasis in the three states' reform efforts. To individual policymakers some were insignificant; others were paramount. All were identified by key policymakers in at least two of the states. Each state, however, based on its experience and political situation, developed its own unique weighted pupil system.

In fact, an important determination of our study was that there is no one correct or best weighted pupil approach. What we found was a fairly flexible distribution model that served a number of diverse but generally interrelated purposes -- beyond the central purpose of equalizing education burdens.

## ANSWERS TO THE MOST COMMON QUESTIONS ABOUT WEIGHTING

Legislative debate on pupil weighting tends to resolve around five questions: (1) What do you weigh? (2) What costs should the weights cover? (3) How should students be counted? (4) How are weights finally established? and (5) What controls should be imposed on the system?

A common misunderstanding about weights is evident when individuals in one state assume that they can use another state's weights, or compare weights of states. Weights mean different things to different states, depending on the ways the questions in this section are answered.

*What should be weighted?*

An important initial consideration involves identifying which programs the formula should take into account. The most critical set of programs is in special education. No common set of definitions of handicapping conditions is applied by the states; in fact, wide variations exist. Specialists who design the programs and establish definitions should be directed by the legislature to set criteria which can be objectively applied. Vague definitions, especially in such areas as learning disabilities and emotional disturbances, can create serious problems for school districts facing a set of automatic funding incentives. If criteria are clearly established, however, overzealous placement of children in special programs for fiscal reasons can be controlled by state auditing of placements. Furthermore, with the implementation of PL 94-142 and its

required individualized educational programs (IEPs) and placement/due process guarantees, the likelihood of misplacing exceptional children for whatever purpose has been reduced.

At least two options exist in funding exceptional education units: (1) classification based on handicapping conditions and service intensity (such as the Florida and Utah models with 15 categories); or (2) classifications based on delivery system requirements for mild, moderate, and severely handicapped children (such as the New Mexico and Iowa models with 3 categories).

Another program area, often currently funded by categorical grants because of varying costs, is vocational education. Again, two different systems are available for assessment. In Utah, vocational courses are grouped by subject matter such as Agriculture, Business, Home Economics, etc. In Florida, some 150 courses are grouped into six cost categories from high to low per pupil cost. In both states, weights are then assigned in order to generate the planned fiscal support. State economic development policy may also be tied to vocational education program policy, and the fiscal incentives or disincentives the state formula communicates to school districts require the close attention of state policymakers.

Conceivably, further program definitions could be developed according to subject areas such as reading, math, or science, but this has not been done except in a few higher education formulas. Program areas have been established for separate weighting by grade, such as grades 1 to 3 or 10 to 12, where resources greater than the norm are desired. Other program areas have received emphasis through the establishment of weights in such areas as bilingual, compensatory, and adult education.

A fourth area to consider for weighting, though not directly tied to student programs, relates to district or school cost variations based on geographical location and/or staff salaries. New Mexico and Utah have developed simple ways to fund teacher training and experience cost differentials, assuming that districts, particularly those with declining enrollments, have little control over the fiscal burden associated with their staff's training and experience. Florida, on the other hand, sought to avoid any incentive that might escalate the costs of personnel. Florida did, however, establish a cost of living adjustment to compensate for cost variations within their state which includes extremes from coastal urban to inland agrarian communities. New Mexico and Utah further adopted adjustments related to added costs associated with maintaining educational programs in remote, sparsely populated areas of their states. In these cases the districts' total weighted pupil counts were adjusted by the appropriate factors or district weights.

Early in the process of developing a weighted pupil system, it is important to establish clear definitions of the programs to be funded. Precise eligibility standards should be detailed either in legislation or by regulation. A clear set of definitions will lead toward precise identification of eligible students throughout the state and will help assure that the legislative intent of the pupil weighting system is carried out. In addition, a carefully developed set of standards which can stand the test of time will yield a set of data on the state's pupil weighting system which will be consistent over time. This consistent data base, in turn, will allow policymakers to conduct meaningful evaluations of the impact of the pupil weighting system.

*What costs should the weights cover?*

Pupil weights are merely ratios relating an amount budgeted for one pupil's program to some base dollar amount. Before attempting to fix these ratios legislators must determine, as a policy matter, precisely what costs the weights are meant to cover. For example, they must determine whether such costs as salaries and fringe benefits for aides or all ancillary and administrative staff contributing to the support of the program will or will not be separately funded. Are supplies and equipment, utility costs and maintenance services to be charged to the student's program cost? In one state, Utah, all retirement and fringe benefit costs are paid directly by the state. In another, the districts make these payments from student-based earnings. In most states, transportation, construction and school lunch costs are funded separately because the factors causing variations in these costs are unrelated to the instructional program. The issues regarding whether funds should cover only direct costs or, in addition, most indirect costs will have substantial impact both on the weights and on the value of the base to which they relate.

A closely related issue is whether the weights will be "add ons," or for "total service." For example, if a basic student's cost is $1,000 and a special student's total program cost is expected to be $3,000 then an add-on weight would be 2.0 and a total service weight would be 3.0.

Determining what costs to cover by the weights can become a highly technical area. Interrelationships among accounting practices, student counting procedures, and consequential incentive systems should be carefully considered.

*How should students be counted?*

This one issue has provoked as much debate in legislative bodies as any other single school finance question. The general issue is not related to pupil weighting per se, but flows from broad equalization efforts, as concerns over precision and equity become more focused. Whether to count membership or attendance still depends on whether you wish to reward districts with high attendance rates and penalize those where students do not attend as regularly. The many combinations of methods practiced nationally, including variations of averaging, periodical sampling, using prior year counts, double and bonus counting, and peak load options are topics for a separate report. A shift to a weighted pupil system, however, is an excellent time to reconsider these issues, since a policy change at this time can often be more easily incorporated into a comprehensive reform package.

The counting issue becomes more complicated as more children in supplementary education programs are served in part-time classes. Expanding patterns of diversification in vocational education, both in terms of the range of program offerings and the number of periods a day a student may be served, also complicate counting systems. If the issue is not addressed clearly in law or in regulations, many

administrative problems may develop bacause any funding system is also an incentive system. It is the responsibility of district business officers to understand their state finance formula and maximize the benefits it offers to their school system. The designer of state finance formulas, therefore, must decide what program behavior, in general, they wish to encourage and must understand the impact of their funding formula on behavior at the local level. An overview of incentives related to various counting options is discussed in our full report for those interested in this area.

Thus a major early decision relates to whether to count students by membership in a program, without specific regard to the duration of service, or whether to fund a more precise measure such as student contact hours. The latter method requires more detailed record keeping (at least during count weeks), but provides support in direct relationship to the time a student is in a weighted program. This is accomplished by counting and funding units known as full-time equivalent pupils (FTE's). For example, it might take six students in a special class for 5 hours each to produce a full 30 hours of instruction time in a week. Under such an FTE system they jointly would be counted as one FTE. Alternatively, with a membership system they would be counted as six students, and the program weight would be one-sixth as much as an FTE weight in order to generate the same funds. The benefits of an FTE system are generally assumed to be the greater accuracy achieved by funding the hours of service. However, systems which count on a membership basis can incorporate the notion of "time in program" by simply establishing minimum time requirements to qualify for membership.

When considering student counting options, it should be recognized that different counting methods yield different financial implications. For example, current year counts are designed to reflect current needs. On the other hand, counts which are averaged over the past 2 or 3 years will produce more stable and predictable revenue flows to the districts. While poor or tightly budgeted districts may not be able to fund needed program growth without current year funding, persuasive arguments for using prior year counts to prevent unplanned growth in one district from depreciating another district's income expectations can likewise be convincing.

These few examples illustrate that when a new law is being considered, and especially when it is being drafted, special attention to definitions of such terms as "a member", "a pupil unit" or "a full-time equivalent student" are crucial if the reforms envisioned by policymakers are to become reality.

*How are weights finally established?*

Three distinct approaches to setting weights have been used. All three methods can be used concurrently and in an overlapping way, with the final outcome becoming a reasoned consensus. Most simply put, the methods are: (1) replicating existing expenditures, (2) using professional program specialists' judgments and (3) establishing state priority spending (or investment) areas by asserting political policy judgments. In all three cases the goals should be to establish a dollar cost per student which will enable school districts to support each student in an appropriate program. Ratios of these costs to a base value become the weights.

The first method requires gathering expenditure data on instructional programs, and utilizing formulas for attributing indirect costs if a full funding system is desired. Such data can be reported in terms of costs per enrollee or costs per FTE. A few states have adopted program cost accounting systems which simplify this task, but methodologies are available to gather cost data regardless of the sophistication of the state's accounting system. The most revealing results of such studies are to display expenditures three ways: (1) per child, (2) per hour of instruction and (3) per special program. This process usually reveals new insights into per unit costs and often results in a drive to operate in a more cost-effective manner.

The second method logically follows. Specialists in every area from speech therapy to business education, from first grade to high school, need to explain what good practice should be in each program area to be funded within the state's overall economic capability. This does not mean merely to describe current practice as above, but to establish through neutral experts whether an equal educational program consistent with the state's overall goals and responsibilities requires that students be taught in a class of 3 for some subjects and 50 for others, or for 1 hour per week for certain programs and 10 hours per week for others, and to determine what direct and indirect expenditures can reasonably be expected. Under any measure of fairness the personnel and equipment costs, for example, for the orthopedically handicapped would exceed those for the strong and healthy child. A major purpose of this process, even if

it must be done in a hurried manner by only a few legislators and curriculum specialists, is to aid in establishing some sense of fairness. Merely relying on the expenditures of existing programs may result in a continued pattern of more generously funding some programs and services at the expense of children in programs which have not had the advantage of a strong supportive lobby in the past. Such a review and accompanying documentation will also assist in clarifying legislative intent when it is time to evaluate these programs. It further provides the legislative body with an informed core of members who must exercise the final discretion which is a part of the next method of setting weights.

Direct policy judgments must finally be used when setting weights for several reasons. Because a weighted pupil system targets funds toward particular programs, it can easily be the mechanism by which state policymakers initiate shifts in program emphasis. New programs can be established or old ones merged. State priorities can be shifted. A most dramatic example of this occurred in Florida in 1973 when all the data and experts said that high schools "cost" much more per student to operate than elementary schools. The legislative leadership, however, established its own preference. By weighting the primary grades higher than grades 10-12, they in effect asserted that they did not care what it had been costing -- they wanted more spent on the basic instruction in the primary grades so that grades 1-3 would "cost" more in the future. Illustrating another type of policy discretion, the Utah legislature set the weights for several special education programs at an equal level, since they determined that the delivery systems were similar for these

programs, with children often being served in the same resource room. They wanted to remove any fiscal incentives related to diagnosis from educators' minds, even though slight technical variations in existing program expenditures could be shown. Just as importantly they wanted to simplify the system and make it more understandable, a laudable goal in the area of school finance.

The preceding discussion points out that setting weights involves making policy judgments. Accounting techniques can certainly be used to determine the existing level of expenditures on a particular program. However, establishing the proper relative cost of an adequate program is a far more judgmental process. Once these policy judgments are made and the ratio of desired costs among programs is set, all interests can focus annually on establishing the dollar value of the base weight of 1.0.

Additional policy decisions may remain which are most familiar to legislators. A plan, no matter how conceptually sound, is worth little if it cannot gain at least 51 percent of the votes in each house. Putting together a package that will sell is the overriding policy challenge. This process sometimes involves adjusting the weights and often involves rethinking some of the earlier policy decisions which relate to the system. Building a coalition of support, while maintaining the integrity of the system by avoiding unwise concessions to special interests, requires a great deal of political and technical skill.

*What controls should be imposed on the system?*

Some legislators voice legitimate concerns that funding pupil units at high values for special services may create a fiscal incentive to excessively place students in higher cost programs. Such an incentive could either precipitate a need for a supplemental appropriation, or force a prorated reduction in the value of all units, to the detriment of "innocent" districts. While arbitrary controls or limits on the number of pupils a state will fund is contrary to the spirit of entitlement which is the foundation of pupil weighting systems, constraining systems have been developed which work quite well.

Two of the four systems of controls have been discussed above in relation to developing the weights. The first subsection of this part of the guide stressed the importance of strictly defining the eligibility standards for placement in such "soft" program areas as those for gifted, speech impaired, learning disabled and emotionally disturbed children. If weights are provided for bilingual, compensatory, remedial reading or vocational programs, eligibility definitions are important in order to assure proper, but not excessive, demands on limited state funds. A second control, also mentioned previously, could be the use of prior year student counts -- a system which inhibits unexpected growth.

Two other more direct control measures also have been successfully used in Utah and Florida. Legislatures have set limits or "caps", as they are called, by defining the upper limits on the number of units and/or dollars which are to be funded from appropriations by program area. Different ways to accomplish this are addressed in our full report. One simple way is to add a phrase or proviso to the appropriations bill stating that no more than a certain number or units will be funded in a particular program area. In practice these caps have been set high and have seldom suppressed legitimate growth, but they do serve to safeguard the state treasury.

Another more sophisticated control method is to require that all or most of the funds earned by a program area be spent on that program. Such action eliminates the "profit" motive by assuring that special program funds are not diverted to some other cause. To enforce this mandate, a program cost accounting system was established in Florida in order to track the dollars, and Utah has successfully used its existing accounting system to enforce expenditure requirements.

Legislatures and other policy bodies use such mechanisms to control any abuses and distortions of the policy intent which might occur. These types of controls may be viewed by districts as infringing on local control; however, they should note that these controls affect only <u>where</u> the district has to spend, not <u>how</u> it may spend within program areas.

It should not be assumed that controls such as those mentioned above are always established. New Mexico has almost no controls on local expenditures and currently has no caps in special education program areas. Thus, it should be emphasized that the states have considerable discretion in resolving the numerous technical options related to developing weighted pupil systems.

## PROBLEMS THAT NEED ATTENTION FOR IMPLEMENTATION OF REFORMS

Once a weighted pupil system becomes state law, the next task is to implement that new law. A number of scholars (referenced in our full report) have recently begun focusing on this critical process of what happens after a bill becomes law. This growing literature and our observations of the experiences of the three states we studied have helped us summarize a number of implementation considerations in the checklist below. Understanding these critical areas before a law is passed can guide preventive action and will improve the chances for a lasting and successful reform.

*Clarity of policy purpose.*

Researchers of the implementation process concur that the policy to be implemented should be clearly articulated. In the three states studied, the primary agenda of redistributing dollars according to varying pupil needs was clearly defined in the enabling legislation, but numerous technical decisions were either delegated or not addressed. Concerns such as those discussed above relating to eligibility for the weighted programs, definitions of appropriate service, counting students, and what costs the weights should cover, were not always resolved. The initial lack of policy clarification resulted in considerable confusion. In some cases, these issues are still being worked out.

*Communicating the reform.*

Although a few legislators and legislative staffers may fully comprehend the reform, only deliberate widespread communication of the reform to districts will avert confusion and resistance to change. Policymakers must communicate the components and technical aspects of the reform package, and they should strive to achieve understandings between reformers and users regarding the reasons for reform. District policymakers and staffs need to know what is expected of them and why.

*Collaboration.*

The potential of collaborative action among policymakers, implementers, and users should be carefully explored. Where collaboration is possible, it should be encouraged, as those who participate in developing a reform generally support its implementation. However, where redistributions of dollars and/or power are at stake, collaborative initiatives may be unattainable.

*Organizational Impacts.*

State bureaucracies are generally responsible for implementing legislative reforms, yet some of their personnel and divisions have the greatest interest in maintaining the status quo. Implementation of reform has been accomplished most successfully either where a highly respected individual was brought into the bureaucracy and given a new division to advocate and implement the reform, or where key leaders in the bureaucracy were intimately involved in the reform process and were personally committed to its implementation.

*Professional orientations.*

Generally, state departments of education seem primarily accountable to one constituency -- their professional peers in the districts. Therefore, they may find it difficult to implement reforms that are opposed by local districts, or that require state intervention such as the auditing of placements or expenditures associated with the weighted pupil approach. State department personnel, comfortable with a friendly consultant role, usually need considerable assistance in developing effective auditing skills.

*Adequacy of resources.*

Reforms are exceedingly difficult to implement in a fiscal crisis situation. Only a surplus or a scheduled phase-in can prevent hardships. In the case of a weighted pupil system, program expenditure requirements are difficult for districts to meet if administrators are involved in the crisis management of economic decline.

*Complexity of policy to be implemented.*

Although the weighted pupil system has been described as logical, direct and simple in concept, it is not simple to set up. Critical decisions are required on numerous technical issues such as defining, approving and counting the units, establishing limits, setting the dollar value of the base, and prescribing expenditure requirements. Various techniques for simplifying implementation (which trade accuracy for ease of understanding and administration) were employed in the three states. Regardless of the complexities they faced, however, all administrators reported a light at the end of the tunnel in terms of having a comparatively easy-to-maintain operational system.

*Incentives for implementation.*

An oversight vacuum often exists in implementing state policy. Legislators may work extremely hard at developing a reform package, but they usually are not rewarded for following the reform's progress. Most state legislatures meet for only a few months a year and have much to accomplish in a short period of time. Secondly, committee memberships turn over often and legislators go on to new interests. Committee staffs, if they exist, may likewise change. Thus, if someone or some group is not specifically designated to follow up on the reform, no one may assume the responsibility.

*Review and revision.*

Given the above considerations, it seems plausible that an appropriate process of review and revision could greatly aid any state reform effort. Some suggest that a separate legislative monitoring or auditing group should be given the responsibility for overseeing the implementation of reform; or in some cases, in-house review and revision capacity can be developed within the bureau responsible for implementation. Whether a separate legislative group is essential in implementing reform depends on the interworkings of the other eight considerations listed above, but someone or some agency should be given the responsibility for overseeing and evaluating the process and accomplishments of the reform.

The point is: transforming legislative intent into operational programs is not easy. A state's ability to implement educational reforms can be greatly improved if, during the policymaking process, thought is given to the above considerations. A weighted pupil system is probably no more complicated than some other distributional models, but it is something new, and that in itself causes implementation problems. However a state determines to allocate resources for education or to develop other reforms, implementation is a critical consideration.

## AN OVERVIEW OF THE FULL STUDY

The full research project used a comparative case study approach to examine a number of issues related to pupil weighting systems. Our research targeted on three states which have recently implemented comprehensive weighted pupil systems: Florida, New Mexico and Utah. In these three states we interviewed 220 people at both the state level and in 30 geographically diverse districts -- 23 key state legislators, the three chief state school officers, 25 state department of education administrators, 11 interest group representatives, 34 local school superintendents and assistants, 20 local school board members, 25 teachers, 28 finance officers, 28 principals, and 23 directors of special education. We also analyzed data on program and fiscal trends before and after the reforms. The research was organized around a comparative analysis framework, and it focused on a number of central issues. The following overview, by chapter, should serve to guide readers to those areas of most interest to them.

Chapter I presents the conceptual framework for the development of comprehensive weighted pupil systems. The distributional model is placed in context nationally, as the practice of funding according to differential student need is described in other states. A brief overview of the three subject states' pre-and post-reform finance systems completes this introductory and background chapter.

Chapter 2 discusses the goals of policy research and reports the research methodology and sampling procedures. Chapter 3 begins by examining the political and social forces that led to each state's reform, and describes the process and rationale for establishing the various weights. Subsequent adjustments and respondent suggestions for changes are presented.

The critical technical options that account for weights differing from state to state are explained in Chapter 4. These include (1) defining the unit to be funded, (2) approving the unit, (3) determining the count, (4) establishing units, (5) setting the dollar value, and (6) prescribing the purpose for which the dollars may or shall be spent. This "nuts-and-bolts" chapter should be particularly useful to those seriously considering establishing a weighted pupil system.

Further formula adjustments based on district differences are the subject of Chapter 5. Sparsity factors, cost of living indices, and adjustments for varying district teacher training and experience are discussed as they operate in the three pupil weighting states we studied.

Chapter 6 analyzes shifts in the distribution of formula funds since the reform. Growth of vocational, bilingual, and exceptional child education programs are plotted for pre- and post-reform years, and are compared with the overall state educational finance picture and growth in the basic program. Additionally, pre- and post-reform revenue earnings in special programs are compared for the sample districts, and emerging hypotheses relating district earnings, size, and assessed valuation per pupil are further explored.

Alterations in district and state management roles and responsibilities since the reform are the focus of Chapter 7. We also present state and local perspectives of numerous shifts in educational decisionmaking.

The many issues associated with funding exceptional child education are pulled together in Chapter 8, since this program area is one of considerable concern to many state policymakers, particularly with the advent of PL 94-142. Different incidences of children being served in the various exceptional education programs are compared for the sample districts in each state, differences which serve as a fundamental rationale for establishing the weighted pupil systems. The growth of the fifteen programs in Florida and Utah, and three programs in New Mexico is analyzed and compared, and implications are discussed. Numerous implementation issues identified by district exceptional education directors are also discussed.

Chapter 9 concludes the report by focusing on two areas of particular interest to policymakers, analysts, and implementers. The first part of the chapter analyzes the weighted pupil system as a model for distributing state educational dollars, and proposes a framework that may be applied to other distributional practices. The second part discusses the often overlooked yet critical process of what happens after a bill becomes a law. Nine implementation issues are presented for consideration, relating the experience in Florida, Utah, and New Mexico with the growing literature in this area.

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## CONCLUSION

We could have discussed many other issues in this brief guide, but we deliberately focused on those which we thought would be of greatest value to policymakers considering pupil weighting systems. We should also emphasize that other distributional models, properly designed, may well accomplish the purposes that the weighted pupil approach accomplishes; but we have not studied such models and cannot draw comparisons.

Our research has sought to explicate the working of one distribution model -- the weighted pupil system. We hope that this brief guide will be a useful tool to persons wishing to meet the individual needs of children when reforming school finance systems. A distributional formula based on some of the elements of the recently developed pupil weighting systems may be very helpful in meeting state equalization goals. However, we would caution that considerable confusion and even unintended effects can result if states jump on the pupil weighting bandwagon without careful planning and preparation. We hope this guide will help policymakers understand some of the most important issues they should take into account when considering pupil weighting.

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